



Winspear Business Reference Room
University of Alberta
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Edmonton, Alberta T6G 2R6

RICH MINERALS CORPORATION

1994 ANNUAL REPORT



**CORPORATE OFFICES:**

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Calgary, Alberta
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LEGAL COUNSEL:

Cook Duke Cox
2700 Encor Place
645 - 7th Avenue S.W.
Calgary, Alberta
T2P 4G8
John A. Peters

REGISTRAR & TRANSFER AGENT:

Montreal Trust
411 - 8 Avenue S.W.
Calgary, Alberta
T2P 1E7

AUDITORS:

Schultz Leong
Chartered Accountant
#218, 1935 - 32 Avenue N.E.
Calgary, Alberta
T2E 7C8
Kenneth A. Schultz

BANKERS:

Alberta Treasury Branch
3630 Morley Trail N.W.
Calgary, Alberta
T2L 1K8

STOCK EXCHANGE LISTING:

Alberta Stock Exchange
Trading Symbol RMC



January 3, 1995

To the Shareholders:

The Directors are pleased to present the Consolidated Financial Statements of the company for the year ended August 31, 1994, and this report of activities.

Total revenue for the fiscal year was \$5,151,225, primarily from the company's construction division. An active construction market in Alberta is foreseen for 1995, with projected revenues between \$5 and \$6 million for the year.

Our focus this year has been in Alberta, mainly in the oil & gas sector.

An extensive oil & gas exploration program is under way with an opportunity for Rich Minerals Corporation, through a farmout agreement with Trax Petroleums Limited, to drill six oil & gas prospects in central Alberta. Merrimac Petroleum Ltd., a wholly owned subsidiary of Rich Minerals Corporation, will oversee the operations of the oil & gas division. Drilling results for the six well program will be available early in the new year.

Funding for the projects was raised through a flow through offering.

I would like to thank the shareholders of Rich Minerals Corporation for their ongoing support as we look forward to a prosperous year.

Sincerely yours,

RICH MINERALS CORPORATION

Bernard M. Chamberland
Chairman





BERNARD M. CHAMBERLAND, PRES., CHAIRMAN

Mr. Chamberland has successfully managed an Alberta based construction business in Canada for over 30 years. He has overseen the growth of the small construction company he founded in 1964 from a tiny concern with a single piece of earth-moving equipment into a flourishing group of construction companies with 50 employees and net sales of \$5 million.

J. ROBERT BATEMAN, C.A., DIRECTOR

Mr. Bateman, a chartered accountant, has been instrumental in the management and marketing of a number of private and public corporations. He has operated as an independent businessman for the past 20 years.

JOHN A. PETERS, B.A. (Hons), LL.B., M.Sc. (Mgmt), DIRECTOR

Mr. Peters is a partner with the law firm Cook Duke Cox, which has offices in Calgary and Edmonton. Since completing his legal studies in 1978, he has practised in the field of corporate and commercial law. He also holds a masters degree in international business management from Boston University.

RICH MINERALS



CORPORATION

HISTORY OF THE CORPORATION

Rich Minerals Corporation was incorporated in March, 1986 and was listed on the Alberta Stock Exchange as a Junior Capital Pool in May of the same year.

In November, 1988 Rich Minerals acquired three profitable, debt free, Calgary based construction companies with significant assets and an experienced management team.

The company has positioned itself to capitalize on a growth strategy based on construction and natural resources. Rich Minerals Corporation has projects in several complementary fields:

- CONSTRUCTION
- MINERALS EXPLORATION AND MINING
- FINANCING
- OIL & GAS

MINERAL EXPLORATION

Rich Minerals Corporation has permitted lands in excess of 2 million acres in Alberta considered promising for their diamond potential.

However, developments in Alberta's fledgling diamond play are so new that exploration in the province is still in its infancy stage.

GENERAL CONTRACTING

Gross revenues from the Corporation's construction operations were approximately \$5 million for 1994.

RICH CONTRACTING LTD. is engaged in general contracting and the company is well known and respected for the quality and efficiency of its work within its local market. The company owns a well maintained fleet of heavy construction equipment including backhoes, bulldozers, forklifts, packers, loaders, and trucks with an approximate value of \$3 million.

The company's revenues are earned from general contracting contracts for subdivision development awarded by local developers and municipal jurisdictions. The contracting division is managed by David and Gregg Chamberland. Mr. Bernard Chamberland founded the company 30 years ago and under his strict supervision has built a solid operation.

FINANCING

Rich Minerals Corporation owns a fifty percent interest in Mortgage Financing Inc., an Alabama based company. The company generates revenues by processing residential and commercial loans which are then placed with institutional lenders including banks and pension funds. Executive management for the company represents over 70 years of experience in all phases of the mortgage business.





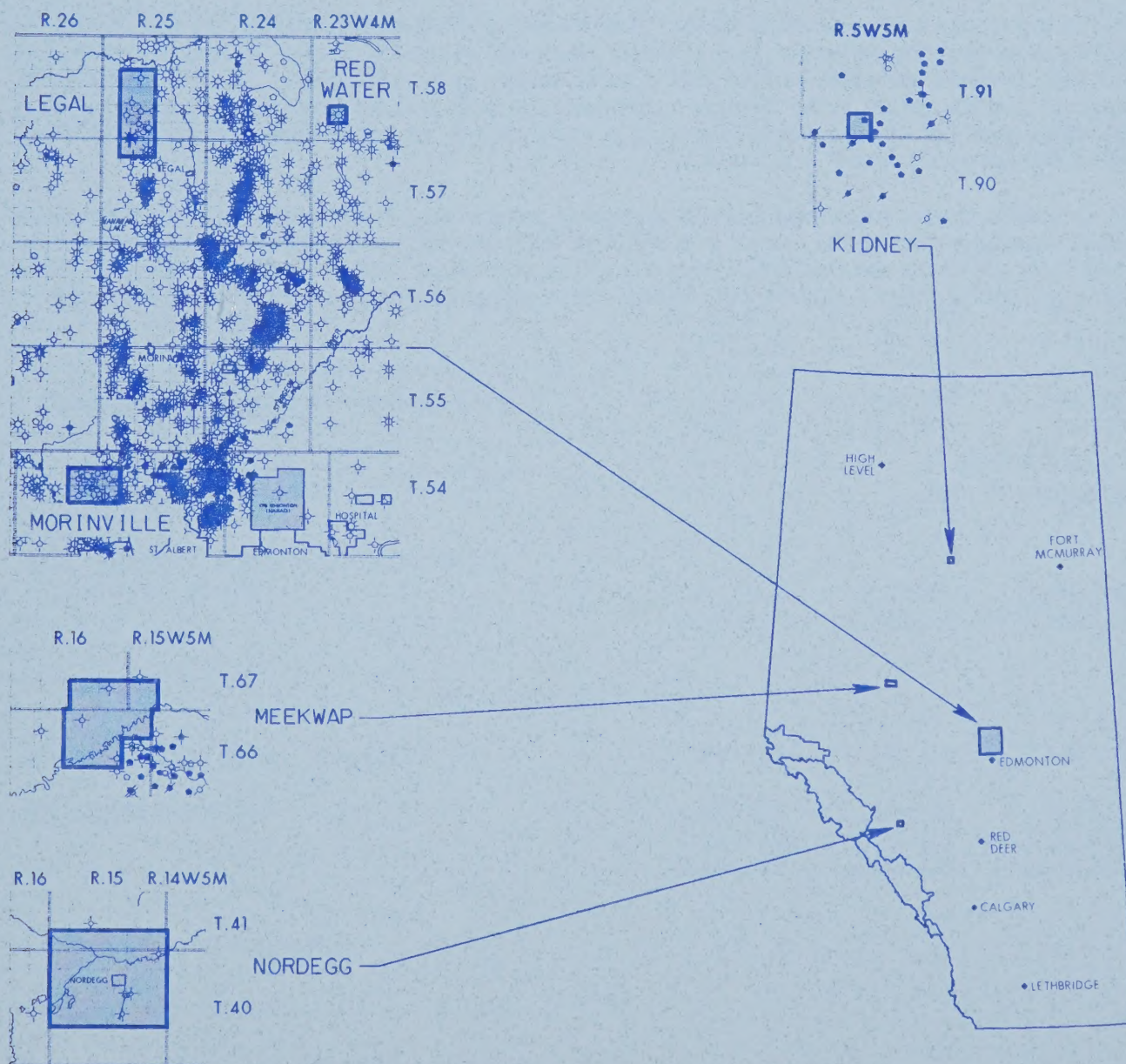
OIL & GAS

Rich Minerals Corporation has acquired a natural gas property located in the Flat Lake area of Alberta. A pipeline gathering system is anticipated to be completed in the new year. Expected production is 1.0 mmcf/day.

The company has also entered into an agreement to farmout on several of Trax Petroleum's Limited's oil & gas prospects. The purpose of the farmout agreement is to drill six oil & gas prospects located in central Alberta.

The prospects have been identified by three prominent geologists using extensive geological and geophysical mapping, including 3D seismic. Drilling results are expected in early 1995.

Merrimac Petroleum Ltd., a wholly owned subsidiary, under the direction of Mr. Stephen Mason, will oversee the operations of the oil & gas division.





AUDITORS' REPORT

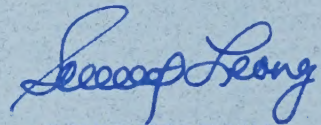
To the Shareholders of
Rich Minerals Corporation:

We have examined the consolidated balance sheet of Rich Minerals Corporation as at August 31, 1994, 1993 and 1992 and the consolidated statements of earnings, retained earnings and changes in financial position for each of the years in the three year period ended August 31, 1994. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the company as at August 31, 1994, 1993 and 1992 and the consolidated results of its operations and the consolidated changes in its financial position for each of the years in the three year period ended August 31, 1994 in accordance with generally accepted accounting principles.

Calgary, Alberta
November 17, 1994

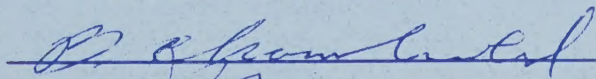
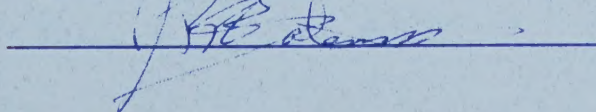

SCHULTZ LEONG
Chartered Accountants



RICH MINERALS CORPORATION
CONSOLIDATED BALANCE SHEET
AUGUST 31, 1994

	<u>1994</u>	<u>1993</u>	<u>1992</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ ---	\$ 377,812	\$ ---
Accounts receivable	2,564,753	779,644	1,699,496
Inventory and work in progress	302,891	127,621	107,654
Notes receivable	---	---	260,372
Prepaid expenses and deposits	<u>63,216</u>	<u>93,629</u>	<u>11,820</u>
	2,930,860	1,378,706	2,079,342
INVESTMENT IN MORTGAGE FINANCING, INC. (Note 2)	60,113	---	---
RESOURCE PROPERTIES (Note 3)	260,203	56,103	161,162
CAPITAL ASSETS (Note 4)	<u>461,143</u>	<u>412,675</u>	<u>369,724</u>
	<u>\$ 3,712,319</u>	<u>\$ 1,847,484</u>	<u>\$ 2,610,228</u>
LIABILITIES			
CURRENT LIABILITIES			
Bank indebtedness (Note 5)	\$ 232,670	\$ 20,000	\$ 232,114
Accounts payable	1,650,879	469,510	919,080
Current portion of long term debt (Note 6)	72,942	127,895	94,204
Current portion of deferred income taxes	<u>203,000</u>	<u>198,000</u>	<u>184,000</u>
	2,159,491	815,405	1,429,398
NON-CURRENT PORTION OF LONG TERM DEBT (Note 6)	---	72,820	138,991
NON-CURRENT PORTION OF DEFERRED INCOME TAXES	<u>13,000</u>	<u>18,000</u>	<u>18,000</u>
	2,172,491	906,225	1,586,389
SHAREHOLDERS' EQUITY			
SHARE CAPITAL (Notes 7 and 12)	916,137	322,124	208,424
RETAINED EARNINGS	<u>623,691</u>	<u>619,135</u>	<u>815,415</u>
	<u>1,539,828</u>	<u>941,259</u>	<u>1,023,839</u>
	<u>\$ 3,712,319</u>	<u>\$ 1,847,484</u>	<u>\$ 2,610,228</u>

APPROVED BY THE BOARD:

 Director
 Director





**RICH MINERALS CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED AUGUST 31, 1994**

	<u>1994</u>	<u>% of Revenue</u>	<u>1993</u>	<u>% of Revenue</u>	<u>1992</u>	<u>% of Revenue</u>
REVENUE	\$ 5,151,225	100.0	\$ 4,262,401	100.00	\$ 5,643,956	100.0
DIRECT COSTS						
Automotive	39,334	0.8	43,517	1.0	31,030	0.5
Equipment rental	69,547	1.4	135,948	3.2	154,487	2.7
Fuel	147,344	2.9	146,875	3.4	203,328	3.6
Insurance and bonding	63,474	1.2	51,517	1.2	49,768	0.9
Land development costs	98,781	1.9	---	0.0	---	0.0
Materials	2,268,189	44.0	1,747,477	41.0	2,337,866	41.4
Repairs and maintenance	191,424	3.7	258,555	6.1	306,614	5.4
Site evaluation and analysis	---	0.0	1,517	0.0	24,248	0.5
Subcontracting	212,819	4.1	131,241	3.1	194,279	3.4
Wages and benefits	1,065,872	20.7	953,338	22.4	1,317,694	23.4
Well operating	---	0.0	53,919	1.3	21,846	0.4
	<u>4,156,784</u>	<u>80.7</u>	<u>3,523,904</u>	<u>82.7</u>	<u>4,641,160</u>	<u>82.2</u>
GROSS MARGIN	<u>994,441</u>	<u>19.3</u>	<u>738,497</u>	<u>17.3</u>	<u>1,002,796</u>	<u>17.8</u>
NON-DIRECT COSTS						
Administrative salaries	327,405	6.4	387,435	9.1	396,611	7.0
Advertising and promotion	58,204	1.1	61,523	1.4	53,718	1.0
Bad debts	---	0.0	260,372	6.1	---	0.0
Business taxes and licenses	30,670	0.6	25,832	0.6	10,035	0.2
Amortization of capital assets	167,453	3.2	154,525	3.6	103,390	1.8
Interest (long term - \$ 11,134; 1993 - \$ 22,820; 1992 - \$ 13,337)	18,545	0.4	32,057	0.8	28,273	0.5
Management fees	131,911	2.6	109,683	2.6	152,552	2.7
Office	84,493	1.6	76,255	1.8	55,871	1.0
Premises rental	55,900	1.1	55,569	1.3	55,459	1.0
Professional fees	38,012	0.7	46,651	1.1	21,957	0.4
Travel	34,801	0.7	36,607	0.9	32,630	0.6
Utilities and telephone	42,491	0.8	39,832	0.9	40,942	0.7
	<u>989,885</u>	<u>19.2</u>	<u>1,286,341</u>	<u>30.2</u>	<u>951,438</u>	<u>16.9</u>
EARNINGS (LOSS) FOR THE YEAR BEFORE GAIN ON DISPOSITION OF RESOURCE PROPERTIES AND INCOME TAXES	4,556	0.1	(547,844)	(12.9)	51,358	0.9
GAIN ON DISPOSITION OF RESOURCE PROPERTIES	---	0.0	365,564	8.6	---	0.0
EARNINGS (LOSS) FOR THE YEAR BEFORE INCOME TAXES	4,556	0.1	(182,280)	(4.3)	51,358	0.9
DEFERRED INCOME TAXES	---	0.0	14,000	0.3	45,600	0.8
EARNINGS (LOSS) FOR THE YEAR	\$ <u>4,556</u>	<u>0.1</u>	\$ <u>(196,280)</u>	<u>(4.6)</u>	\$ <u>5,758</u>	<u>0.1</u>





**RICH MINERALS CORPORATION
CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED AUGUST 31, 1994**

	<u>1994</u>	<u>1993</u>	<u>1992</u>
Retained earnings, beginning of year	\$ 619,135	\$ 815,415	\$ 809,657
Earnings (loss) for the year	<u>4,556</u>	<u>(196,280)</u>	<u>5,758</u>
RETAINED EARNINGS, END OF YEAR	\$ <u>623,691</u>	\$ <u>619,135</u>	\$ <u>815,415</u>

**RICH MINERALS CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED AUGUST 31, 1994**

	<u>1994</u>	<u>1993</u>	<u>1992</u>
CASH WAS PROVIDED (USED) BY:			
OPERATING ACTIVITIES			
Earnings (loss) for the year	\$ 4,556	\$(196,280)	\$ 5,758
Deferred income taxes	---	14,000	45,600
Amortization and depletion	167,453	154,525	103,390
Gain on disposition of assets	<u>(2,878)</u>	<u>(365,564)</u>	<u>(7,814)</u>
	<u>169,131</u>	<u>(393,319)</u>	<u>146,934</u>
Changes in elements of working capital			
Accounts receivable	(1,785,109)	919,852	(537,711)
Inventory and work in progress	(175,270)	(19,967)	24,445
Notes receivable	---	260,372	(210,000)
Prepaid expenses and deposits	30,413	(81,809)	(5,187)
Accounts payable	<u>1,181,369</u>	<u>(449,570)</u>	<u>923</u>
	<u>(748,597)</u>	<u>628,878</u>	<u>(727,530)</u>
	<u>(579,466)</u>	<u>235,559</u>	<u>(580,596)</u>
INVESTING ACTIVITIES			
Deferred development costs	---	---	248,791
Capital assets	(213,043)	(177,049)	(226,553)
Resource properties	(204,100)	450,196	(176,662)
Investment in Mortgage Financing, Inc.	<u>(60,113)</u>	<u>---</u>	<u>---</u>
	<u>(477,256)</u>	<u>273,147</u>	<u>(154,424)</u>
FINANCING ACTIVITIES			
Long term debt	(127,773)	(32,480)	140,522
Issuance of share capital	<u>594,013</u>	<u>113,700</u>	<u>---</u>
	<u>466,240</u>	<u>81,220</u>	<u>140,522</u>
INCREASE (DECREASE) IN CASH IN THE YEAR	(590,482)	589,926	(594,498)
Cash (bank indebtedness), beginning of year	<u>357,812</u>	<u>(232,114)</u>	<u>362,384</u>
NET CASH (BANK INDEBTEDNESS), END OF YEAR	\$ <u>(232,670)</u>	\$ <u>357,812</u>	\$ <u>(232,114)</u>
NET CASH (BANK INDEBTEDNESS) REPRESENTED BY			
Cash	\$ ---	\$ 377,812	\$ ---
Bank indebtedness	<u>(232,670)</u>	<u>(20,000)</u>	<u>(232,114)</u>
	\$ <u>(232,670)</u>	\$ <u>357,812</u>	\$ <u>(232,114)</u>





**RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 1994**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

These financial statements consolidate the accounts of the company and its wholly-owned subsidiaries.

(b) Construction Revenue and Direct Costs

The company recognizes construction revenue and direct costs on the percentage of contract completion basis.

(c) Amortization

The company provides for the amortization of capital assets on the straight line basis over the estimated useful life of the related capital asset at the following annual rates:

Excavating equipment	10 % to 33 %
Automotive equipment	11 % to 33 %
Computer equipment	20 %
Office equipment	20 %
Construction equipment	20 %

(d) Income Taxes

The company provides for income taxes on the tax allocation basis under which provision is made for income taxes based on earnings for financial statement purposes regardless of when the underlying transactions are recognized for income tax purposes. The resulting timing differences give rise to deferred income taxes (recoveries) and relate primarily to the use of the completed contract method for income tax purposes rather than the percentage of contract completion method which is used for financial statements and the differences in the methods of calculating amortization and depletion for financial statements purposes as compared to the methods required for income tax purposes.

(e) Resource Properties

The company records its interest in resource properties at cost whereby all costs relating to acquisition, exploration and administration are capitalized. When the properties commence production costs will be amortized using the unit-of-production method based on estimated reserves.

(f) Inventory Valuation

The company records inventory at the lesser of cost on a first in first out basis and market value.



RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED AUGUST 31, 1994

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment In Mortgage Financing, Inc.

The company records its fifty per cent interest in Mortgage Financing, Inc. on the cost basis. The company will record income from MFI only to the extent revenue is received.

2. INVESTMENT IN MORTGAGE FINANCING, INC.

The company has acquired fifty per cent of the issued shares of Mortgage Financing, Inc. of Birmingham, Alabama. The consideration for the investment was 137,500 shares of the company, valued at a total of \$ 60,113.

The shares issued by the company are held in escrow and may be released on the basis of one released share for each \$ 2.40 (US) of net after tax income realized by the company. The escrow agreement provides that all unreleased shares held in escrow will be cancelled no later than December 31, 1998.

3. RESOURCE PROPERTIES

The company's investment in resource properties may be summarized as follows:

	<u>1994</u>	<u>1993</u>	<u>1992</u>
Petroleum and natural gas properties	\$ 197,000	\$ ---	\$ 170,812
Accumulated depletion and amortization	<u>---</u>	<u>---</u>	<u>(15,500)</u>
	197,000	---	155,312
Industrial and metallic mineral permits and development thereon	<u>63,203</u>	<u>56,103</u>	<u>5,850</u>
	<u>\$ 260,203</u>	<u>\$ 56,103</u>	<u>\$ 161,162</u>

(a) Mining Claims

The company's investment in industrial and metallic mineral permits and development thereon may be summarized as follows:

	<u>1994</u>	<u>1993</u>	<u>1992</u>
Cost to acquire permits	\$ 40,050	\$ 40,950	\$ 5,850
Direct costs	15,733	7,733	---
Advances to operator	7,000	7,000	---
Indirect acquisition costs	<u>420</u>	<u>420</u>	<u>---</u>
	<u>\$ 63,203</u>	<u>\$ 56,103</u>	<u>\$ 5,850</u>

The company's mineral permits allow the company to explore a total of 799,571 hectares under ninety-one individual permits. The applicable mining regulations require that the company undertake a program of work in order to maintain the individual permits in good standing. The company may choose to maintain certain permits in good standing but allow other permits to lapse.





**RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED AUGUST 31, 1994**

3. RESOURCE PROPERTIES (Continued)

(a) Mining Claims (Continued)

The mining regulations require that for a permit to remain in good standing the permit holder must undertake a work program involving minimum expenditures as follows:

a) First two years of permit, expiring in fiscal 1995	\$ 5 per hectare
b) Next two years of permit, expiring in fiscal 1997	\$ 10 per hectare
c) Next two years of permit, expiring in fiscal 1999	\$ 10 per hectare
d) Next two years of permit, expiring in fiscal 2001	\$ 15 per hectare
e) Last two years of permit, expiring in fiscal 2003	\$ 15 per hectare

Under date of June 28, 1993 the company entered into a joint venture agreement with a group of corporations collectively known as "First American." Under the joint venture agreement First American is required to finance on a non-recourse basis to the company an exploration program on lands covered by the company's mineral permits.

The joint venture agreement contemplates that First American will provide \$ 11,500,000 (US) to the joint venture to finance the exploration program. The agreement contemplates that First American will earn a fifty per cent interest in the company's mineral permits and that the company will have no requirement to compensate First American for funds advanced other than the allocation of one-half ownership in the mineral permits.

At date of preparation of these financial statements First American had not provided the contemplated funds to the joint venture.

(b) Petroleum and Natural Gas Properties

The company has acquired a working interest in certain petroleum and natural gas properties. The consideration for this acquisition was \$ 50,000 cash and 100,000 common shares of the company, valued at \$ 1.47 per share, for total consideration \$ 197,000.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	1994	Net Book Value 1993	1992
Excavating equipment	\$ 919,784	\$ 539,589	\$ 380,195	\$ 316,657	\$ 227,412
Automotive equipment	225,853	163,838	62,015	64,168	102,607
Construction equipment	21,894	10,127	11,767	17,146	19,097
Office equipment	21,421	15,317	6,104	10,366	12,229
Computer equipment	20,208	19,146	1,062	4,338	8,379
	<u>\$ 1,209,160</u>	<u>\$ 748,017</u>	<u>\$ 461,143</u>	<u>\$ 412,675</u>	<u>\$ 369,724</u>

5. BANK INDEBTEDNESS

Advances from Alberta Treasury Branches are due on demand, bear interest at the lender's prime rate plus one per cent and are secured by all assets of the company.



RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED AUGUST 31, 1994

6. LONG TERM DEBT

Term loan advances from Alberta Treasury Branches totaled \$ 72,942 at August 31, 1994 (1993 \$ 200,715; 1992 - \$ 233,195) and are secured by all assets of the company. These loans are repayable in monthly installments totaling \$ 9,400, including interest at the lender's prime rate plus two per cent and will be repaid in full in fiscal 1995

7. SHARE CAPITAL

(a) Shares Authorized

Unlimited common shares

Unlimited preferred shares issuable in series, with rights, preferences, restrictions and limitations to be set by Board of Directors prior to issuance

(b) Common Shares Issued

	<u>Number of Shares</u>	<u>Consideration</u>
Balance, August 31, 1992	20,220,000	\$ 208,424
Cancellation of shares issued within escrow	(700,000)	---
Issued on exercise of share options	459,000	100,700
Issued as consideration for services rendered	<u>58,000</u>	<u>13,000</u>
Balance, August 31, 1993	20,037,000	322,124
Issued on exercise of share options	424,000	386,900
Issued within escrow on acquisition of interest in Mortgage Financing, Inc.	137,500	60,113
Issued on acquisition of resource properties	<u>100,000</u>	<u>147,000</u>
Balance, August 31, 1994	<u>20,698,500</u>	\$ <u>916,137</u>

Shares issued in connection with the acquisition of an interest in Mortgage Financing, Inc. are held in escrow and may be released on the basis of one released share for each \$ 2.40 (US) of net after tax income realized by the company. The escrow agreement provides that all unreleased shares held in escrow will be cancelled no later than December 31, 1998.

(c) Preferred Shares Issued

No preferred shares have been issued.





RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED AUGUST 31, 1994

7. SHARE CAPITAL (Continued)

(d) Shares Under Option

The company has granted to certain directors and employees options to acquire a total of 936,000 shares of the company. These options allow the purchase of shares on the following basis:

Number of Shares	Option Price	Option Expiry
50,000	\$ 2.00	November, 1995
5,000	\$ 0.97	December, 1995
170,000	\$ 0.16	April, 1997
30,000	\$ 0.24	November, 1997
80,000	\$ 0.70	April, 1998
200,000	\$ 0.40	June, 1998
146,000	\$ 1.15	January, 1999
<u>255,000</u>	\$ 0.50	July, 1999
<u>936,000</u>		

8. STATUTORY INFORMATION

In the year ended August 31, 1994 directors of the company received no compensation in their capacity as directors (1993 - \$ NIL; 1992 - \$ NIL). In the year ended August 31, 1994 the aggregate compensation paid to the five highest paid officers and employees of the company totaled \$ 314,639 (1993 - \$326,920; 1992 - \$ 299,021).

9. INCOME TAXES

Actual earnings (loss) for income tax purposes vary significantly from earnings (loss) for financial statement purposes due to differences in allowable deductions for income tax and accounting purposes. In addition, earnings in certain of the companies of the group and losses in certain other companies can result in provisions for income taxes which are not obviously related to consolidated earnings (loss) for the year. These variances may be summarized as follows:

	1994	1993	1992
Earnings (loss) before income taxes	\$ 4,556	\$(182,280)	\$ 51,358
Income taxes	---	14,000	45,600
Earnings (loss) for the year	\$ <u>4,556</u>	<u>\$(196,280)</u>	<u>\$ 5,758</u>

Provisions for income taxes are calculated as follows:

Basic provision for (recovery of) income taxes at statutory rate	\$ 2,000	\$ (80,800)	\$ 22,800
Increase (decrease) in taxes from			
- RMC companies with tax losses	3,100	258,300	---
- Difference between accounting and tax amortization and depletion	(2,800)	10,300	35,000
- Difference between percentage completion and completed contract method on construction projects	224,800	130,000	(12,700)
- Non-deductible expenses and non taxable revenue	7,700	(144,900)	500
	<u>234,800</u>	<u>172,900</u>	<u>45,600</u>
Benefit of utilization of non-capital tax loss carry-forwards to eliminate or reduce income taxes	(234,800)	(158,900)	---
Actual provision for income taxes	\$ <u>---</u>	<u>\$ 14,000</u>	<u>\$ 45,600</u>



RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED AUGUST 31, 1994

9. INCOME TAXES (Continued)

The company has incurred non-capital losses for income tax purposes totaling \$ 1,079,542. These losses expire as follows:

Fiscal 1996	\$ 255
Fiscal 1999	572,153
Fiscal 2001	<u>507,134</u>
	<u>\$ 1,079,542</u>

The company has utilized \$ 495,531 of the non-capital loss carry-forwards noted above to eliminate \$ 195,000 of deferred income taxes which would otherwise be payable. The company has utilized non-capital loss carry-forwards to eliminate \$ 9,800 of current income taxes which would otherwise be payable.

The company has available to it allowable capital loss carry-forwards for income tax purposes of \$ 37,500 which may be applied to reduce taxable capital gains in future taxation years. These loss carry-forwards do not expire.

10. COMMITMENTS

The company has entered into agreements for the lease of vehicles. Minimum lease payments are due as follows:

Fiscal 1995	\$ 16,095
Fiscal 1996	16,187
Fiscal 1997	<u>7,483</u>
	<u>\$ 39,765</u>

11. EARNINGS (LOSS) PER SHARE

Basic and fully diluted earnings (loss) per share are:

1994	\$ <u>0.000</u>
1993	\$(<u>0.010</u>)
1992	\$ <u>0.000</u>

12. SUBSEQUENT EVENTS

Subsequent to August 31, 1994 the company undertook to sell on a private placement basis up to 3,000,000 common shares for proceeds of up to \$ 1,200,000. At date of preparation of these financial statements the proposed placement had not been closed.

13. PRIOR YEAR BALANCES

Certain balances for the years ended August 31, 1993 and 1992 have been reclassified to conform to the current year basis of presentation.





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